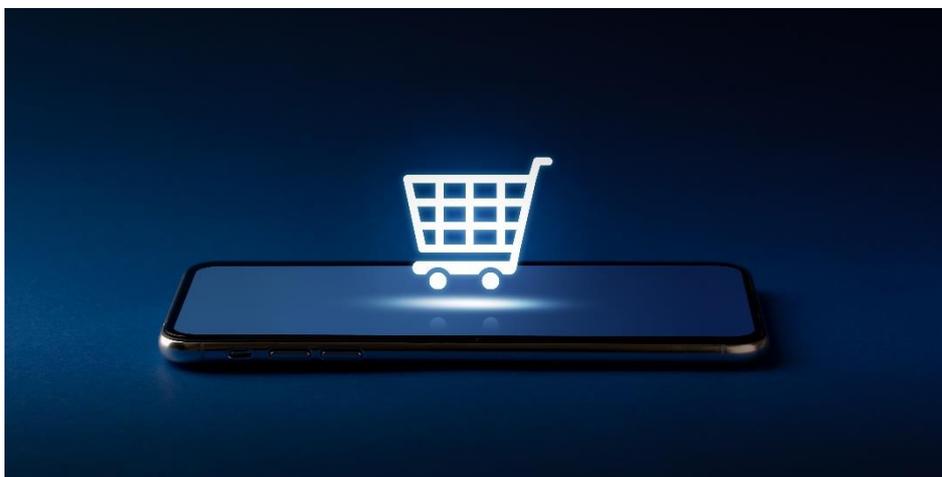


China Retail & E-commerce Weekly Update



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I. Sector Review

Internet & E-commerce

Douyin's local services GMV reaches 100 billion yuan in 1H23

Douyin's (抖音) local services GMV reached 100 billion yuan in the first half of 2023, which was mostly contributed by in-store catering as well as hotel and travel-related orders. The platform also generated a record-high monthly GMV of 30 billion yuan in July, largely driven by the surge in summer travel activity and livestream promotions during the 618 shopping festival.¹

Missfresh's revenue down 60.3% yoy to 2.761 billion yuan in 2022

Missfresh (每日优鲜) recently released its financial results for 2022 after significant delays. The company has been struggling financially – its revenue dropped by 60% to 2.761 billion yuan last year from 2021. Furthermore, from 2018 to the third quarter of 2021, the company had a total net loss of 9.8 billion yuan. It has also laid off most of its staff, going from 1,925 employees to 57 employees between the end of 2021 and the end of 2022. As of 31 December 2022, the company held only 48.96 million yuan in cash and cash equivalents, compared with 1.097 billion yuan in the same period last year.²

East Buy adds two new Douyin livestreaming accounts

East Buy (东方甄选) recently added two new livestreaming accounts to its Douyin (抖音) presence, bringing the company's total to eight accounts – all registered under East Buy's affiliate company in Beijing. This is East Buy's first addition in Douyin in nine months. Its channels now cover agricultural products, food, daily necessities, books, cultural tourism services, etc.³

Alibaba's 1Q23 revenue increases by 14% yoy to 234.16 billion yuan

Alibaba (阿里巴巴) recently released its financial results for the first quarter of 2023. Total revenue reached 234.16 billion yuan, marking a 14% year-on-year increase and a 12.5% month-on-month rise from the previous quarter. The company's overall net profit experienced a significant 51% year-on-year increase during this period. Overall, the company has successfully returned to double-digit growth after a year of relatively stable performance, with improvements across all its operations.⁴

Convenience Stores

Lawson now operates 6,000 stores nationwide

Lawson China (罗森) opened its 6000th store in China on 4 August, located in Haikou's MixC Space. Lawson first entered Hainan province in October 2020 with five locations in Haikou. Since then, Lawson has opened more than 120 stores in the Hainan market. The brand's regional partner is Hainan Qingzi Industrial Co.⁵

Supermarkets & Hypermarkets

Freshippo becomes Disney China's first new retail partner

Freshippo (盒马) recently announced a partnership with Disney China, becoming the company's first new retail partner. The partnership will combine Disney's popular characters with local Chinese cuisine to launch a series of themed products. Freshippo plans to launch about 100 Disney-authorized products throughout the year. Current products include the Mickey Family Mochi Shaker Cup, children's organic noodles and organic Omega-3 selenium-enriched baby eggs, as well as Toy Story-themed mochi.⁶

Apparel

Supreme plans to open its first store in China

The general manager of Supreme Korea recently revealed that the brand's first Korean store will open on 19 August, while preparations are underway for the first store in China as well. Currently, Supreme's only official sales channel in China is a shop-in-shop in Dover Street Market, a luxury streetwear store in Beijing – the shop-in-shop was launched in November 2022. The brand had already registered its trademark 'Supreme New York' in China in 2020.⁷

Cosmetics

MALIN+GOETZ expands into Chinese mainland

Skincare brand MALIN+GOETZ recently entered the Chinese mainland with a new standalone store located in Shanghai. MALIN+GOETZ was founded by Matthew Malin and Andrew Goetz in 2004 with a mission to create high-quality, easy-to-use skincare, fragrances and candles that fit into the modern lifestyle. The newly opened MALIN+GOETZ Shanghai store offers a curated series of skincare, body care and home goods for local consumers.⁸

Food & Beverage

McDonald's China plans to reach 10,000 stores by 2028

McDonald's China says it is on track to nearly double its number of stores to 10,000 by 2028, with more than 900 new openings this year already. The company achieved strong results in the first half with a revenue growth rate far ahead of the pre-pandemic level, thanks to same-store sales increases, more attractive product offerings, and easier accessibility. The number of McDonald's Chinese restaurants has exceeded 5,000, surpassing the company's previous goal of 4,500 by the end of 2022. Currently about half of McDonald's restaurants are located in third and fourth tier cities, and higher-tier cities still have significant growth potential.⁹

Nine tea brands establish public welfare fund

On 8 August, nine well-known tea brands including Chabaidao (茶百道), Mixue Bingcheng (蜜雪冰城), HEYTEA and Yihetang (益禾堂) jointly established the 'New Tea Beverage Charity Foundation'. The initial fundraising has reached tens of millions of yuan, donated from each of the nine brands. The fund will provide assistance for agriculture and rural areas, as well as student aid and major disaster relief.¹⁰

Tims China's same-store sales up 27% in June

TH International Limited ('Tims China'), the parent company of the exclusive master franchisee of Tim Hortons coffee shops and Popeyes restaurants in China, reported 27% system-wide same-store sales growth in June, driven by increasing customer traffic across its network. Tims China reported an average same-store sales growth of 19% since the company fully re-opened its store network in February.¹¹

General Retail

Suning Retail Cloud plans to increase its store count to 30,000

Suning Retail Cloud (苏宁易购零售云) plans to increase its store count to 30,000, further boost consumption in more rural areas, and accelerate the development of its home furnishing, customization, front-end and repair businesses. Suning Retail Cloud opened 862 new stores in the first half of this year, and its total sales increased by 42.5% yoy; total sales in the second quarter sales increased by 54.2% yoy. Suning.com expects retail cloud sales to exceed 50 billion yuan in 2025.¹²

II. Policy Spotlight

MOFCOM lists 132 enterprises as E-commerce Demonstration Enterprises

On 8 August, the Ministry of Commerce (MOFCOM) announced the full list of 132 e-commerce demonstration enterprises. Notable examples include JD.com, Kuaishou, NetEase, and Xiaomi.¹³

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Fung Business Intelligence

Fung Business Intelligence collects, analyses and interprets global market data on sourcing, supply chains, distribution, retail and technology.

Headquartered in Hong Kong, it leverages unique relationships and information networks to monitor, research and report on these global issues with a particular focus on business trends and developments in China. Fung Business Intelligence makes its data, impartial analysis and specialist knowledge available to businesses, scholars and governments through regular research reports and business publications.

As the knowledge bank and think tank for the Fung Group, a Hong Kong-based multinational corporation, Fung Business Intelligence also provides expertise, advice and consulting services to the Group and its business partners on issues related to doing business in China, ranging from market entry and company structure, to tax, licensing and other regulatory matters.

Fung Business Intelligence was established in the year 2000.

Fung Group

Fung Holdings (1937) Limited, a privately-held business entity headquartered in Hong Kong, is the major shareholder of the Fung Group of companies, whose core businesses operate across the entire global supply chain for consumer goods including sourcing, logistics, distribution and retail. The Fung Group comprises over 25,000 people working in more than 40 economies worldwide. We have a rich history and heritage in export trading and global supply chain management that dates back to 1906 and traces the story of how Hong Kong and the Pearl River Delta emerged as one of the world's foremost manufacturing and trading regions. We are focused on both creating the Supply Chain of the Future to help brands and retailers navigate the digital economy as well as creating new opportunities, product categories and market expansion for brands on a global scale.

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